

Message Text

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PAGE 01 REYKJA 00883 271733Z

42

ACTION EUR-25

INFO OCT-01 ADP-00 SS-15 PM-07 RSR-01 L-03 CIAE-00 INR-10

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O P 271705Z JUL 73

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC PRIORITY 3829

CINCLANT IMMEDIATE

INFO SECDEF

COMICEDEFOR

S E C R E T REYKJAVIK 0883

E.O. 11652: GDS

TAGS: MARR IC NATO

SUBJECT: MILCON IN ICELAND

REF: SECDEF 181623Z JUL 73

1. COMICEDEFOR HAS SUBMITTED TO CINCLANT A PRIORITY LISTING ALONG WITH MILITARY JUSTIFICATION OF FY73 MILCON PROJECTS WHICH IN HIS JUDGMENT CANNOT BE DEFERRED. THE ONLY ONE OF THESE PROJECTS WHICH IF DEFERRED SIX MONTHS WILL IN THIS EMBASSY'S JUDGMENT HAVE STRONG ADVERSE POLITICAL IMPACT IN ICELAND AND AGAINST THE USG IS THE NAVIGATIONAL AIDS FOR THE CROSSWINDS RUNWAY (\$1,200,000).

2. THE GOI CONSIDERS THE CROSSWINDS RUNWAY PROJECT VITAL TO THE NATIONAL SELF-INTEREST QUITE APART FROM DEFENSE CONSIDERATIONS. IF THE USG DOES NOT COMPLETE THE PROJECT, IT WILL BE DONE BY SOMEONE ELSE. THE USG COMMITTED ITSELF TO THE PROJECT IN MARCH 1972 AFTER IT BECAME CLEAR THAT THE GOI WOULD SEEK FINANCING FOR CONSTRUCTION FROM FOREIGN SOURCES.

3. IF THE PROJECT IS HALTED NOW, ON THE EVE OF RENEGOTIATION OF THE IDF AGREEMENT, IT WILL BE VIEWED AS A CRUDE ATTEMPT AT
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PAGE 02 REYKJA 00883 271733Z

POLITICAL BLACKMAIL. THE USG CAN BE ACCUSED BY GOI OF PURSUING

ITS OWN SELFISH GREAT POWER INTERESTS TO THE DETRIMENT OF ICELAND ON AN ISSUE WHICH AFFECTS ICELAND'S ECONOMIC WELL-BEING. AS WELL AS ITS SECURITY. THIS IS AN UNENVIABLE POSITION IN WHICH TO BE PLACED AS WE CAN LEARN FROM ICELAND'S REACTION TO BRITISH NAVAL INTERVENTION IN THE FISHERIES DISPUTE.

4. TERMINATION OF THE PROJECT WOULD RESULT IN VINDICATION OF THE COMMUNISTS' STAND ON THE QUESTION. THE USG FINANCING WAS ACCEPTED AT THE INITIATIVE OF THE PROGRESSIVE PARTY, WHOSE LEADERS ARGUED THAT IT WAS BETTER TO RELY ON THE US AS AN OLD FRIEND AND OBTAIN THE ADDITIONAL BENEFIT OF IMPROVED DEFENSES. THE COMMUNISTS OPPOSED USG FINANCING, BUT DID NOT MAKE IT AN ISSUE OF CONFIDENCE IN THE GOVERNMENT AT THE TIME. TERMINATION WOULD PLACE THE PROGRESSIVES IN THE POSITION OF DUPES AND RAISE THE WHOLE QUESTION OF USG RELIABILITY IN ITS DEFENSE COMMITMENTS, THUS FURNISHING THE COMMUNISTS WITH ADDITIONAL AMMUNITION FOR REMOVING THE IDF AND SEVERING THE NATO CONNECTION. IRVING

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